

Message Text

CONFIDENTIAL

PAGE 01 PARIS 06532 161300 Z

53

ACTION EB-03

INFO OCT-01 SS-14 ADP-00 NSC-10 NSCE-00 AF-04 EUR-10 NEA-06

T-01 OMB-01 CIAE-00 NSAE-00 INR-09 H-01 L-02 PRS-01

PM-09 CIEP-01 USIA-04 COME-00 INRE-00 RSR-01 RSC-01

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P R 161126 Z MAR 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 8408

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

AMEMBASSY TRIPOLI

AMEMBASSY TOKYO

C O N F I D E N T I A L PARIS 6532

LIMDIS

E. O. 11652: GDS

TAGS: ENRG FR

SUBJECT: POSSIBLE CONSUMER COOPERATION ON ENERGY

REF: A. STATE 44081

B. PARIS A-161, MARCH 2, 1973

SUMMARY: GOF INTERESTED IN CONSUMER COOPERATION BUT
PLACES HIGHER PRIORITY ON COOPERATION IN THE DEVELOP-
MENT OF ALTERNATIVE SOURCES OF ENERGY, WHICH ARE VITAL
FOR THE FUTURE AND WITHIN CONTROL OF CONSUMER
GOVERNMENTS, THAN DEFENSIVE COOPERATION WHERE SCOPE
OF ACTION VERY LIMITED AND RISKS OF PROVOKING OPEC
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PAGE 02 PARIS 06532 161300 Z

HIGH. A PRECONDITION FOR GOF COOPERATION IS DEVELOPMENT OF EUROPEAN ENERGY POLICY AS GOF UNWILLING TO SEE EUROPEAN NATIONS NEGOTIATE WITH U. S. AND JAPAN INDIVIDUALLY. END SUMMARY.

1. IN RECENT CONVERSATIONS WITH GOF PETROLEUM OFFICIALS REPORTED TO THE DEPT. IN REF B, IT WAS MADE CLEAR THAT GOF ANALYZES ENERGY PROBLEM AS DIVIDING ITSELF INTO A SHORT TERM PROBLEM (ROUGHLY TO 1985) AND A LONG TERM PROBLEM. THEY CONSIDER THE LONG TERM PROBLEM VERY SERIOUS BECAUSE THERE MAY BE ACTUAL SHORTAGES OF AVAILABLE ENERGY AND THERE WILL BE UNACCEPTABLE CONSUMER DEPENDENCE ON A FEW PRODUCING COUNTRIES. HOWEVER, OFFICIALS BELIEVE SOLUTIONS TO LONG TERM PROBLEM AVAILABLE TO CONSUMING NATIONS IF DECISIONS ARE MADE NOW, GIVEN NECESSARY LONG LEAD TIME, TO DEVELOP ALTERNATE SOURCES OF ENERGY SUPPLY INCLUDING DEEP OFFSHORE, NUCLEAR ENERGY, COAL GASIFICATION, SHALE OIL, ETC.

2. REGARDING SHORT RUN, GOF BELIEF IS THAT LITTLE CAN BE DONE BY CONSUMER COUNTRIES TO REDUCE PRESENT DEPENDENCE ON OIL PRODUCING COUNTRIES. MAJOR FRENCH PREOCCUPATION DURING SHORT RUN IS TO PRESERVE VIABILITY OF OIL COMPANIES SO THAT THEY CAN INVEST IN DEVELOPMENT OF "SECURE" ENERGY SOURCES. FUNDAMENTAL TO SUPPORT FOR COMPANIES IN FRENCH VIEW IS HIGHLY CONTROLLED CONSUMER COUNTRY MARKETS WHICH WOULD GUARANTEE COMPANIES A FIXED SHARE OF THE MARKET, SATISFACTORY PROFIT MARGINS AND PREVENT FREE ENTRY OF PRODUCING COUNTRY COMPANIES TO DETREMENT PRESENT COMPANIES.

3. A CONSTANT THEME OF FRENCH OFFICIALS IS THAT BEFORE ANY MEANINGFUL CONSUMER DISCUSSIONS CAN TAKE PLACE ON THE LONG OR THE SHORT RUN, EUROPE MUST HAVE AN ENERGY POLICY AS THE GOF WILL NOT ACCEPT EUROPEAN NATIONS NEGOTIATING SEPARATELY WITH U. S. AND JAPAN. GOF PUSHING EXTREMELY HARD IN BRUSSELS FOR A EUROPEAN ENERGY POLICY AND BELIEVE U. K. AND THE NETHERLANDS ARE COMING AROUND TO GOF VIEWS ON TIGHTLY CONTROLLED MARKETS. OFFICIALS SENSITIVE TO PROBLEMS PRESENTED BY GOF LONG STANDING RELUCTANCE TO ABANDON ANY AUTHORITY TO THE COMMISSION BUT WE HAVE THE FEELING THAT THERE MAY BE LESS CONFIDENTIAL

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PAGE 03 PARIS 06532 161300 Z

RIGIDITY THAN IN THE PAST ONCE CONTROLS ACCEPTED.

4. WITH ABOVE BACKGROUND, BELIEVE GOF WOULD CONSIDER OF HIGHER PRIORITY PROPOSITIONS LEADING TOWARD CONSUMER NATIONS COOPERATION IN EXPANSION OF ENERGY SUPPLY THAN ACTION DIRECTED TOWARD SHORT TERM. GROUND WOULD BE LAID IF ANXIOUSLY AWAITED PRESIDENTIAL ENERGY MESSAGE SHOWS U. S. COMMITMENT TO DEVELOP ITS RESOURCES. REACTIONS TO SUPPORTING OIL COMPANIES IN NEGOTIATIONS WITH OPEC MORE PROBLEMATIC AS GOF ALREADY DEEPLY INVOLVED (I. E. IRAQ) AND THEY ASSUME U. S. G. INTERVENES WHEN NECESSARY IN IRAN AND SAUDI ARABIA. GOF WOULD CERTAINLY OPPOSE ANY HIGH VISIBILITY CONSUMER BLOC THAT COULD BE CONSIDERED AS PROVOCATION TO OPEC.

5. GOF WOULD ALSO BE FAVORABLE TO CONSUMER COOPERATION TO ASSURE THAT THERE WOULD NOT BE BI- LATERAL ARRANGEMENTS BETWEEN CONSUMING AND PRODUCING COUNTRIES. THERE CONTINUES TO BE ANXIETY HERE ABOUT AN EVENTUAL U. S. - SAUDI ARABIA DEAL ALONG LINES YAMANI OFFER.

6. GOF WOULD REACT FAVORABLY TO EMERGENCY MEASURES, HIGHER STOCKS, ETC.

7. ALTHOUGH GOF LIKELY TO BE MOST POSITIVE ABOUT EXPANSION OF ENERGY SUPPLY, THE EUROPEAN ENERGY POLICY PRECONDITIONS DESCRIBED ABOVE WILL SLOW DOWN AGREEMENT ON SPECIFIC MEASURES. U. S. G. PROPOSITION MAY BE USED AS A CATALYST BY FRENCH TO SPEED INTRA- EUROPEAN AGREEMENT ON AN ENERGY POLICY.
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